

17 February 2022

Commissioned research: NoHo Partners – Promising EBIT development in Q4

Marketing material commissioned by NoHo Partners

NoHo Partners reported Q4 EBIT of EUR 6.7m, +58% (EUR 2.5m) versus Infront consensus and 13% above Nordea. Q4 net sales were EUR 69.5m and came 3% above consensus and 2% above Nordea. Operating cash flow was EUR +9.8m in Q4, while cash position was EUR 6.4m at the end of Q4 (EUR 10.9m at the end of Q3). Government grants were EUR 3.0m in Q4. January sales of EUR 6.7m were down 13% y/y (43% of 2019 level), while the company expects February sales in the range of EUR 13-15m and operating cash flow between EUR -1-0m. March sales are expected to exceed EUR 21m with operating cash flow of EUR 2-3m. Cash flow impact is well in line with our expectations. NoHo aims to issue a guidance in conjunction with the Q1 report at the latest. The company has prepared for raw material price increases by centralising purchasing operations and increasing prices. Market is expected to return to normal during Q2 and operating cash flow should turn positive after mid-February. We expect flat to slightly positive consensus estimate revisions on the back of Q4 numbers and note that company's comments of operating cash flow for Q1 can be viewed as a slight relief.

NOHO PARTNERS: DEVIATION TABLE

EURm	Actual Q4 2021	NDA est. Q4 2021E	Deviation vs. actual		Consensus Q4 2021E	Deviation vs. actual			Actual Q3 2021	q/q	Actual Q4 2020	y/y
Sales	69.5	68.0	1.6	2%	67.8	1.7	3%	62	12%	32	120%	
EBIT	6.7	5.9	0.8	13%	4.2	2.5	58%	3.9	70%	(11.8)	-157%	
EBIT margin	9.6%	8.7%	0.9pp		6.2%	3.4pp			6.4%	3.3pp	-37.2%	46.9pp
Adj. EBIT *	3.7	5.9	-2.2	-37%	4.2	-0.5	-12%	3.2	16%	(14.0)	-127%	
Adj. EBIT margin	5.4%	8.7%	-3.3pp		6.2%	-0.9pp			5.2%	0.2pp	-44.4%	49.8pp
EPS	0.08	0.10	-0.02	-18%	0.08	0.00	4%	0.04	107%	(0.53)	-115%	

Source: Company data, Refinitiv and Nordea estimates; Note: *) excluding government grants

Q4 operating cash flow was EUR 9.8m – aiming to reach break-even in February

- Q4 net sales were EUR 69.5m (Infront consensus EUR 67.8m).
- Q4 EBIT was EUR 6.7m (consensus at EUR 4.2m). Government grants were EUR 3.0m in Q4, while EBIT was supported by EUR 0.1m positive gain from sale of Eezy shares.
- Operating cash flow was EUR 9.8m in Q4 (EUR -7.2m in Q4 2020). In January, operating cash flow was EUR -2.6m, while February operating cash flow is expected to be EUR -1-0m and March cash flow is expected to be EUR 2-3m. This indicates EUR -1.6-0.4m operating cash flow for Q1.
- January sales were around EUR 6.7m, 57% below 2019 level and down 13% y/y. The company expects February sales of EUR 13-15m and March sales above EUR 21m. This indicates at least EUR 40m sales for Q1.

- Q4 EPS was EUR 0.08, in line with consensus expectation of EUR 0.08.
- The company is committed to loan repayment program that should allow implementation of the growth plan and reduction of debt burden in a balance manner.
- Net debt, excluding IFRS 16 lease liabilities was EUR 152m at the end of 2021 (EUR 159m at the end of Q3).

Guidance in Q1 2022

NoHo expects to issue 2022 guidance in conjunction with the Q1 report at the latest. Given a solid Q4 numbers and promising indications for Q1, we believe consensus will make neutral to slightly positive estimate revisions.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	323	273	157	185	263	329
EBITDA (adj)	34	76	21	35	62	74
EBIT (adj)	12	31	-31	-11	17	32
EBIT (adj) margin	3.9%	11.4%	-19.6%	-5.9%	6.5%	9.9%
EPS (adj, EUR)	0.54	2.27	-1.66	-1.02	0.14	0.81
EPS (adj) growth	27.4%	318.9%	-173.3%	38.8%	113.3%	496.3%
DPS (ord, EUR)	0.34	0.00	0.00	0.00	0.15	0.40
EV/Sales	1.0	1.7	3.0	2.5	1.7	1.3
EV/EBIT (adj)	24.9	15.6	n.m.	n.m.	26.8	13.6
P/E (adj)	16.0	4.5	n.m.	n.m.	59.9	10.1
P/BV	2.4	1.5	2.0	2.3	2.1	1.8
Dividend yield (ord)	3.9%	0.0%	0.0%	0.0%	1.8%	4.9%
FCF Yield bef A&D, lease adj	5.2%	9.9%	-18.3%	4.0%	6.6%	12.7%
Net debt	138	268	318	307	295	280
Net debt/EBITDA	4.9	3.6	11.3	6.9	4.5	3.8
ROIC after tax	6.0%	7.9%	-6.3%	-2.3%	3.7%	7.2%

Source: Company data and Nordea estimates

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Nordea analyst: Joni Sandvall

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